

PUBLIC DISCLOSURE

December 31, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

STONEHAM SAVINGS BANK

Certificate # 90286

**359 MAIN STREET
STONEHAM, MASSACHUSETTS 02180**

Division of Banks

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Federal Deposit Insurance Corporation

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<p>NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.</p>

TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution CRA Performance Evaluation	
	a. Overall Rating	1
	b. Scope of the Examination	3
	c. Description of the Institution.....	4
	d. Description of the Assessment Area.....	5
	e. Conclusions Regarding Performance Criteria	9
III.	Appendices	
	Appendix A: Division of Banks - Fair Lending Policies and Procedures.....	A-1
	Appendix B: General Definitions	B-1

GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Stoneham Savings Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **December 31, 2012**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each test is summarized below:

Lending Test

The institution is rated “**Satisfactory**” under the Lending Test. This rating is supported by the following summary of results.

Loan-to-Deposit Ratio

The loan-to-deposit (“LTD”) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 15 quarters since the prior CRA evaluation, dated January 12, 2009, is 85.1 percent.

Assessment Area Concentration

A majority of the Bank's home mortgage and small business loans, by number and dollar amount, were within the designated assessment area. During 2010 and 2011, 80.3 percent of the number of home mortgage loans, and 75.6 percent of the number of small business loans were made inside the assessment area.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. The Bank made a very small number of home mortgage loans in the assessment area's moderate-income geographies despite demographics and aggregate data indicating opportunities. The Bank needs to improve the distribution of small business loans as there were none made within the moderate-income geographies.

Borrower Characteristics

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including LMI), and businesses of different revenue sizes. The Bank exceeded the aggregate market in percentage of home mortgage loans to low- and moderate-income borrowers in both 2010 and 2011. However, the Bank's small business lending activity was poor, as less than half of the loans were made to businesses with gross annual revenues (GARs) less than \$1 million.

Response to Complaints

The Bank did not receive any CRA-related complaints during the period reviewed.

Community Development Test

The institution is rated "**Satisfactory**" under the Community Development Test.

The institution demonstrated adequate responsiveness to community development needs in its assessment area through community development loans (CDLs), qualified investments, and community development services, considering the institution's capacity and the need and availability of such community development opportunities throughout the institution's assessment area. The rating is supported by the following factors.

Community Development Loans

The Bank made four qualified CDLs totaling \$2.0 million during the evaluation period. These loans had the primary purpose of providing economic development or affordable housing; however, three of the four were outside the Bank's assessment area.

Community Development Investments

Total qualified investments were \$2.2 million, consisting of \$2.1 million in equity investments and approximately \$50,000 in qualified charitable donations during the review period. Equity investments enhanced the availability of affordable housing to LMI borrowers in the assessment area. Donations primarily assisted organizations that provide community services targeted to LMI individuals.

Community Development Services

The Bank was active in providing community development services throughout the evaluation period, including involvement in community development organizations.

SCOPE OF THE EXAMINATION

This evaluation assesses Stoneham Savings Bank's CRA performance utilizing the interagency intermediate small bank ("ISB") examination procedures, as established by the Federal Financial Institutions Examination Council. These procedures require two performance tests: a Lending Test and a Community Development Test. The Lending Test analyzes an institution's applicable home mortgage, small business, and small farm loans during a certain review period. The Community Development Test is an analysis of activities (loans, investments, and services) performed by the institution to meet the needs of the community since the previous evaluation.

The Lending Test considered the Bank's home mortgage and small business lending. The Bank's most recent Report of Condition and Income ("Call Report"), dated September 30, 2012, indicated residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 63.4 percent of the loan portfolio. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 34.7 percent of the loan portfolio. Residential lending also represented the majority of loan volume during the review period. Therefore, the Bank's performance in home mortgage lending carried greater weight in the Lending Test. The Bank made no small farm loans; thus, this product line was not analyzed.

Data reviewed includes all originated home mortgage loans reported on the Bank's Home Mortgage Disclosure Act ("HMDA") loan application registers ("LARs") for 2010 and 2011. The LARs contain data about home purchase and home improvement loans, including refinances, of 1-4 family and multi-family properties. The Bank reported 44 loans totaling \$10.3 million in 2010 and 32 loans totaling \$9.0 million in 2011. The Bank's home mortgage lending performance was compared against 2010 and 2011 aggregate lending data. Aggregate data includes lending activity within the Bank's assessment area of all institutions subject to HMDA reporting.

Small business loans were also reviewed for the same period. As an ISB, the Bank has the option of collecting and reporting small business lending data. The Bank opted to collect the data, but not report it. The Bank's internal records indicated that the institution originated 24 small business loans totaling \$6.0 million in 2010, and 17 small business loans totaling \$4.3 million in 2011. As the Bank is not required to report small business loan data, small business aggregate data was not used for formal comparison purposes. Instead, business demographics of the assessment area were used to measure the Bank's performance.

While the Lending Test discusses total dollar amounts of loans, conclusions are primarily based on the Bank's lending performance by the number of loans originated or purchased. The number of loans correlates more closely with the number of individuals or businesses that obtained loans. Extremely large or small dollar loans could skew conclusions. Demographic information referenced in this evaluation was obtained from the 2000 United States ("U.S.") Census, unless otherwise noted. Financial data was generally pulled from the September 30, 2012 Call Report.

The Community Development Test considered the number and dollar amount of CDLs, qualified investments, and community development services between January 12, 2009 and December 31, 2012.

The previous CRA evaluation was conducted by the Division and the FDIC as of January 12, 2009, using ISB examination procedures. The evaluation resulted in an overall "Satisfactory" rating by the Division and the FDIC.

PERFORMANCE CONTEXT

Description of Institution

Stoneham Savings Bank is a state-chartered savings bank headquartered at 359 Main Street in Stoneham, Massachusetts, which is located in a middle-income census tract. The Bank operates as a subsidiary of Salem Five Bancorp, a Massachusetts holding company. The Bank was acquired by Salem Five Bancorp in February 2012.

In addition to the main office, the Bank operates five branch offices. These full-service branches are located in Burlington, Malden, North Andover, Stoneham, and Tewksbury. Drive-up facilities are located in the main office and three branch locations. The Malden branch is located in a moderate-income census tract, while the remaining branches are located in middle-income census tracts. The Bank also maintains a stand-alone automated teller machine (ATM) located in an upper-income census tract in North Andover. The Bank closed its Belmont branch (upper-income tract) during the examination period.

The Bank offers a variety of home loan products for the purchase, refinance, or construction of residential property. These include both fixed- and adjustable-rate mortgage loans. Commercial loan products include acquisition and rehabilitation loans, construction loans, lines of credit, and Small Business Administration (SBA) 7A and 504 program loans. Consumer loan products include personal loans and new and used auto loans.

As of September 30, 2012, the Bank had total assets of \$325.9 million and total deposits of \$246.9 million. Total loans were \$178.8 million and represented 54.9 percent of total assets. Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1 – Loan Portfolio Distribution as of September 30, 2012		
Loan Type	Dollar Amount \$('000)	Percent of Total Loans (%)
Loans Secured by Real Estate		
Construction, Land Development, and Other Land Loans	3,177	1.8
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	4,632	2.6
Closed-end Loans Secured by 1-4 Family Residential Properties: First Liens	92,305	51.6
Closed-end Loans Secured by 1-4 Family Residential Properties: Jr. Liens	2,979	1.7
Secured by Multi-Family (5 or more) Residential Properties	13,508	7.5
Secured by Nonfarm Nonresidential Properties	59,676	33.4
Commercial and Industrial	2,395	1.3
Loan to Individuals for Household, Family, or Other Personal Expenditures (Consumer Loans)	120	0.1
Loans to Nondepository Financial Institutions and Other Loans	36	0.0
TOTAL LOANS	178,828	100.0

Source: September 30, 2012 Call Report

As depicted in Table 1, the Bank's loans are primarily concentrated in residential real estate, followed by commercial real estate.

Stoneham Savings Bank experienced a significant decline in assets and total loans since the previous CRA evaluation. The Bank's assets decreased by 27.8 percent, declining from \$451.2 million to \$325.9 million. Total loans decreased even more at 46.5 percent, going from \$334.0 million to \$178.8 million. Management attributed the decrease in asset size to a concerted effort to increase the Bank's capital position in response to a Risk Management Consent Order (Order) issued jointly by the FDIC and the Division in January 2010.

Additionally, the Bank replaced its entire Commercial Lending department after the Order was issued. According to management, commercial loan staff focused on managing existing loans during 2010 and 2011 to address issues in the Order. The Bank devoted resources to originating commercial loans again in 2012. While the efforts to improve the Bank's capital position affected the volume of lending produced by the Bank, there were no specific provisions in the Order that restricted lending activity. However, given the scope of the Lending Test included 2010 and 2011, the Order had some effect on the Bank's performance, especially in small business lending.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which a financial institution's record of helping to meet the credit needs of its community will be evaluated. The Bank has one designated assessment area that conforms to CRA requirements as it consists of whole geographies, does not arbitrarily exclude low- or moderate-income areas, does not extend beyond state boundaries, and does not reflect illegal discrimination.

Geographies:

The Bank's assessment area includes the following Massachusetts (MA) communities: Andover, Billerica, Burlington, Malden, Medford, Melrose, North Andover, North Reading, Reading, Stoneham, Tewksbury, Wakefield, Wilmington, Winchester, and Woburn. The communities of Andover and North Andover are located in Essex County and the Peabody, MA Metropolitan Division ("MD") #37764. The remaining communities are located in Middlesex County and the Cambridge-Newton-Framingham, MA MD #15764. Both MDs fall within the Boston-Cambridge-Quincy MA-NH Metropolitan Statistical Area ("MSA") #14460.

The geographic distribution section of the Lending Test evaluates the distribution of loans by census tract income level, especially in those designated as low- and moderate-income. Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MD or MSA in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

The assessment area contains 86 census tracts. Based on 2000 U.S. Census data, there are no low-income tracts, 13 moderate-income tracts, 56 middle-income tracts, and 17 upper-income tracts. There are 6 moderate-income tracts in Malden, 5 moderate-income tracts in Medford, and 2 moderate-income tracts in Woburn.

According to 2000 U.S. Census data, the population of the assessment area is 452,395. Of the total population, 14.2 percent reside in moderate-income census tracts, 67.6 percent in middle-income census tracts, and 18.2 percent in upper-income census tracts.

Table 2 contains pertinent demographic information concerning the assessment area.

Table 2 – Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	86		15.1	65.1	19.8
Population by Geography	452,395		14.2	67.6	18.2
Owner-Occupied Housing by Geography	119,026		9.9	69.4	20.6
Businesses by Geography (2010)	33,703		11.2	69.5	19.3
Businesses by Geography (2011)	48,186		11.2	68.8	20.0
Distribution of Families by Income Level	118,513	16.6	18.3	24.8	40.3
Median Family Income (MFI)		\$77,750	Median Housing Value Unemployment Rate (2000 U.S. Census)		\$252,111 2.7%
MD #37764 MFI, 2010		\$83,900			
MD #37764 MFI, 2011		\$86,200			
MD #15764 MFI, 2010		\$98,700			
MD #15764 MFI, 2011		\$105,000			
Families Below Poverty Level		3.0%			

Source: 2000 U.S. Census, 2010 and 2011 D&B data, 2010 and 2011 HUD Estimated Median Family Incomes

Median Family Income Levels:

The analysis under the borrower characteristics section of the lending test is primarily based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2000 U.S. Census that was annually adjusted by the Department of Housing and Urban Development (HUD) for inflation and other economic events. As indicated in Table 2, the estimated 2010 and 2011 MFI for the Cambridge-Newton-Framingham, MA MD #15764 was \$98,700 and \$105,000. The estimated 2010 and 2011 MFI for the Peabody, MA MD #37764 was \$83,900 and \$86,200.

The analysis of the Bank's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 reveals there is a higher representation of upper-income families compared to other income categories. Low-income families have the smallest representation at 16.6 percent. This data suggests lending opportunities to lower-income families are somewhat limited.

Housing Characteristics:

Among other statistics, Table 2 also illustrates the distribution of owner-occupied housing units by census tract income level. The table shows 69.4 percent of all housing units in the assessment area are located in middle-income census tracts. This information suggests that the majority of opportunities to make home mortgage loans in the assessment area are in middle-income census tracts.

The median housing value in the assessment area was \$252,111 as of the 2000 U.S. Census. Recent housing data obtained from *The Warren Group* reflects higher home values during the review period. Table 3 illustrates median home prices for the assessment area counties and the overall state.

Table 3 – Median Home Sales Prices		
County/State	2010	2011
Essex County	269,000	268,000
Middlesex County	361,271	360,000
Massachusetts	275,000	273,500

Source: The Warren Group

As shown in Table 3, median home prices were relatively stable in both counties and the State from 2010 to 2011. This information suggests that opportunities to make home mortgage loans to LMI borrowers were somewhat limited due to relatively high median sales prices in the assessment area during the review period, especially in Middlesex County.

Unemployment Data:

State and county unemployment rates were obtained from the Bureau of Labor Statistics. The 2010 annual unemployment rates were 8.8 percent in Essex County and 6.8 percent in Middlesex County. The 2011 annual unemployment rates were 7.8 percent in Essex County and 5.9 percent in Middlesex County. Essex County unemployment rates were slightly above, while Middlesex County rates were below the State-wide rate for each year. While annual unemployment rates were not yet available for 2012, monthly data indicates that unemployment rates decreased in each county.

Business Demographic Data:

According to *Dun & Bradstreet (D&B)* data, there were 33,703 non-farm businesses in the assessment area in 2010. Of total non-farm businesses 11.2 percent were in moderate-income tracts, 69.5 percent were in middle-income tracts, and 19.3 percent were in upper-income tracts. In terms of revenues, 75.7 percent of businesses had GARs of \$1.0 million or less; 6.4 percent had GARs greater than \$1.0 million; and 17.9 percent did not report GAR information.

In 2011 there were 32,226 non-farm businesses in the assessment area. Of total non-farm businesses 11.2 percent were in moderate-income tracts, 68.8 percent were in middle-income tracts, and 20.0 percent were in upper-income tracts. In terms of revenues, 66.9 percent of businesses had GARs of \$1.0 million or less, 4.4 percent had GARs greater than \$1.0 million and 28.7 percent did not report GAR information.

The number of non-farm businesses in the assessment area decreased slightly from 2010 to 2011. Due to the high percentages of businesses with GARs of \$1.0 million or less, there is opportunity for the Bank to lend to small businesses. The majority of businesses are located in the middle-income tracts, while moderate-income tracts contain the smallest distribution of businesses in the assessment area.

Competition:

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies to large national banks. Among the more prominent lenders competing with the Bank

were Bank of America, N.A.; Wells Fargo Bank, N.A.; JPMorgan Chase Bank, N.A.; and Ally Bank.

The 2010 Peer Mortgage Data shows 394 lenders originated 32,230 residential mortgage loans in the Bank's assessment area. Stoneham Savings Bank ranked 95th with a 0.1 percent market share. The 2011 Peer Mortgage Data shows that 391 lenders originated 27,287 residential mortgage loans in the Bank's assessment area. Stoneham Savings Bank ranked 104th with a 0.1 percent market share. The high number of lenders suggests a highly competitive market area.

Community Contact:

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation. The contact indicated LMI individuals in the area have an increased need for financial education. Additionally, community banks have been helpful in the organization's efforts to provide affordable housing and mortgage credit to the LMI population. Many of the area's community banks sponsored first-time home buyer seminars planned by the organization. The contact also stated a national bank provided a significant credit line to the organization, which increased the number of LMI families that received free transitional housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test considers the institution's performance pursuant to the following criteria: loan-to-deposit (LTD) ratio, assessment area concentration, borrower profile, geographic distribution of loans, and the response to CRA complaints. Overall, the Bank's performance under the Lending Test is "Satisfactory." This rating indicates that the Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the Bank's deposit base reinvested in the form of loans. Stoneham Savings Bank's LTD ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 15 quarters since the previous CRA evaluation was 85.1 percent. The Bank's net LTD ratio as of September 30, 2012, was 72.4 percent.

Growth patterns of loans and deposits were also analyzed to assess changes in the net LTD ratio over the course of the review period. Net loans (total loans net of unearned income and allowance for loan losses) decreased significantly during the review period. Overall, net loans declined by 47.8 percent over the last 15 quarters. The decline in loans was heavily influenced by management's efforts to improve the Bank's capital position in compliance with the Order effective January 2010. Total deposits also decreased throughout the review period, resulting in a decline of 29.1 percent. As a result of loans declining at a more rapid pace than deposits, the net LTD ratio decreased overall during the review period from 98.3 percent to 72.4 percent.

The Bank's average net LTD ratio was compared to the average net LTD ratios of three other locally-based, similarly situated depository institutions for the period of March 31, 2009 to September 30, 2012. Each institution is headquartered in Middlesex County and had total assets between \$300 million and \$350 million as of September 30, 2012. As shown in Table 4, the Bank ranked second when compared to the other banks' average net LTD ratio.

Table 4 – Loan-to-Deposit Comparison		
Bank Name	Total Assets \$(‘000s) as of 9/30/12	Average Net LTD Ratio 3/31/09 – 9/30/12
Everett Co-operative Bank	320,375	99.1
Stoneham Savings Bank	325,852	85.1
North Middlesex Savings Bank	332,340	84.1
Reading Co-operative Bank	342,071	82.8

Source: March 31, 2009 through September 30, 2012 Call Reports

Assessment Area Concentration

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area by evaluating the amount of lending conducted within the assessment area. The analysis includes both home mortgage lending and small business lending. As stated previously, more weight was placed on home mortgage lending performance based on the composition of the Bank's loan portfolio and the volume of loans generated within each product line. Table 5

portrays the Bank's record of originating loans inside and outside the assessment area during the review period.

Table 5 – Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$('000s)	%	\$('000s)	%	\$('000s)
Home Mortgage Loans										
2010										
Home Purchase	7	70.0	3	30.0	10	1,577	49.8	1,587	50.2	3,164
Refinance	20	83.3	4	16.7	24	4,128	64.0	2,320	36.0	6,448
Home Improvement	8	80.0	2	20.0	10	644	94.0	41	6.0	685
Total	35	79.6	9	20.4	44	6,349	61.7	3,948	38.3	10,297
2011										
Home Purchase	2	40.0	3	60.0	5	530	38.6	844	61.4	1,374
Refinance	17	94.4	1	5.6	18	4,588	87.1	680	12.9	5,268
Home Improvement	7	77.8	2	25.9	9	610	25.9	1,745	74.1	2,355
Total	26	81.3	6	18.7	32	5,728	63.7	3,269	36.3	8,997
Total Home Mortgage	61	80.3	15	19.7	76	12,077	62.6	7,217	37.4	19,294
Small Business Loans										
2010	17	70.8	7	29.2	24	3,473	57.7	2,546	42.3	6,019
2011	14	82.4	3	17.6	17	3,771	86.8	573	13.2	4,344
Total Small Business	31	75.6	10	24.4	41	7,244	69.9	3,119	30.1	10,363
Grand Total	92	78.6	25	21.4	117	19,321	65.1	10,336	34.9	29,657

Source: 2010 and 2011 HMDA LARs and Bank Small Business Records

Overall, a majority of the Bank's residential and small business loans, by number and dollar amount, were inside the designated assessment area. As shown in Table 5, the Bank made 78.6 percent of its total loans, by number, and 65.1 percent, by dollar amount, inside the assessment area. The following sections detail the Bank's performance under this criterion by loan type.

Home Mortgage Lending

The Bank originated a majority of home mortgage loans inside its assessment area in 2010 and 2011. The volume of originations decreased in 2011, both by total originations and originations inside the assessment area. The ratio of loans in the assessment area, however, was similar for each year. Management indicated the low interest rate environment affected the Bank's ability to originate loans. Additionally, the Bank's residential mortgage investors ended their agreements with the Bank as a result of the Order issued in January 2010. The inability to sell fixed-rate loans in the low interest rate environment also impacted home mortgage originations.

Analysis of home mortgage loans inside the assessment area by loan purpose was also performed. Although the Bank's loan modification program impacted the number of refinance loan originations, refinances represented the largest portion of loans within the assessment area each year, which may be explained by the low-rate environment. Applicants seeking to refinance existing loans with the Bank for a lower rate often received modifications through the Bank's formal program. While not reflected in Table 5, the Bank modified 54 home mortgage loans totaling \$10 million in the assessment area, representing 76.1 percent of total modifications by number in 2010 and 2011.

The Bank's assessment area lending was compared to that of all lenders subject to HMDA. The institution ranked 95th out of 394 lenders in the assessment area in 2010, capturing 0.1 percent of the market share. However, the Bank's ranking improved to 26th with a market share of 0.8 percent when considering originated loans that were not sold. As mentioned previously, the Bank's home mortgage investors stopped buying loans from the institution due to the January 2010 Order. The Bank ranked 104th out of 391 lenders in the assessment area in 2011, again capturing 0.1 percent of the market share. The Bank's ranking improved to 40th with a market share of 0.6 percent when considering originated loans that were not sold. This performance is adequate, especially considering the Bank's focus on improving its capital position.

Small Business Lending

Small business loan data was analyzed to determine the extent of small business lending within the assessment area. A majority of small business loans, by number and dollar amount, were made in the assessment area during the review period.

As shown in Table 5, the Bank made 31, or 75.6 percent, of total small business loans inside the assessment area during 2010 and 2011. Although the number of loans inside the assessment area decreased from 2010 to 2011, the Bank's concentration of loans improved. Overall, the Bank continues to produce a majority of its small business loans within the assessment area. As noted previously, the Order and significant turnover in the Commercial Lending Department affected the number of small business originations.

Geographic Distribution

Overall, the geographic distribution of home mortgage and small business loans reflects poor dispersion throughout the assessment area. The rating was influenced by the limited number of total loans in the area's moderate-income geographies. However, the performance is mitigated by the limited number of moderate-income tracts, the Bank's financial condition, and the effect of the Order. The assessment area does not contain low-income census tracts. The following sections discuss the Bank's performance under this criterion with regard to each product line.

Home Mortgage Lending

The distribution of the Bank's home mortgage lending reflects poor dispersion throughout the assessment area. Table 6 presents the Bank's home mortgage lending performance by number of loans in 2010 and 2011, as well as the 2010 and 2011 aggregate market data. Table 6 also includes the percentage of owner-occupied housing units for each census tract income level for comparison purposes.

Table 6 – Distribution of Home Mortgage Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2010 Aggregate Lending Data (% of #)	2010 Bank		2011 Aggregate Lending Data (% of #)	2011 Bank	
			#	%		#	%
Moderate	9.9	7.5	1	2.9	7.4	2	7.7
Middle	69.4	65.3	32	91.4	65.1	20	76.9
Upper	20.7	27.2	2	5.7	27.5	4	15.4
Total	100.0	100.0	35	100.0	100.0	26	100.0

Source: 2000 U.S. Census Data; 2010 and 2011 HMDA Data

In 2010, the Bank's lending was heavily concentrated in the middle-income census tracts. Demographic and aggregate data also show high ratios in the middle-income geographies, but not as extreme. Conversely, the Bank's percentage of loans in moderate-income geographies was less than the aggregate market, as only one loan was made in these tracts. The Bank's lending to upper-income geographies was less than expected based on demographic and aggregate data. Management attributed the limited lending to moderate-income tracts to resource limitations due to the Bank's financial condition and restrictions in the Order. While the Bank has a branch in Malden, which contains six moderate-income geographies, the branch has a small number of deposits.

The Bank's distribution of loans in 2011 was somewhat similar to the distribution of housing units and aggregate lending. The percentage of loans to moderate-income tracts was nearly identical to the aggregate market. Nonetheless, only two loans were made in these geographies. Again, the Bank's loans were heavily concentrated in the middle-income geographies in 2011. Given the small number of originations made by the Bank, a variation of just one loan has relatively significant impact on the geographic distribution.

The evaluation also considered the number of tracts in the assessment area in which the Bank made loans. In 2010, the Bank made loans in 1 of the area's 13 moderate-income tracts, 18 of the 56 middle-income tracts, and 2 of the 17 upper-income tracts. It should be noted institutions are not expected to lend in every census tract. In 2011, the Bank made loans in 2 of the area's 13 moderate-income tracts, 14 of the 56 middle-income tracts, and 3 of the 17 upper-income tracts. The assessment area's census tracts are predominantly middle-income. Additionally, the Bank's branches are primarily in middle-income geographies, which helps further explain the higher penetration in middle-income tracts.

Additionally, there was a high level of competition in the moderate-income census tracts for home mortgage loans. There were 82 lenders in 2010 that made only 388 loans in the moderate-income tracts. In 2011, 81 lenders made just 325 loans in moderate-income geographies. The Bank's performance was less than most local community banks. It should be noted this data did not include loans sold in the secondary market.

Small Business Lending

The geographic distribution of the Bank's small business loans reflects poor dispersion throughout the assessment area. Table 7 illustrates the Bank's small business lending activity in 2010 and 2011, as well as the composition of businesses by census tract income level.

Table 7 – Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	2010 % of Total Businesses	2010 Bank		2011 % of Total Businesses	2011 Bank	
		#	%		#	%
Moderate	11.2	0	0.0	11.2	0	0.0
Middle	69.5	17	100.0	68.8	14	100.0
Upper	19.3	0	0.0	20.0	0	0.0
Total	100.0	17	100.0	100.0	14	100.0

Source: 2010 and 2011 D&B Business Data; 2010 and 2011 Bank Small Business Loan Records

Within the assessment area, the Bank made all of its small business loans in 2010 and 2011 in the middle-income geographies. The lack of penetration in the moderate-income census tracts influenced the rating within this product line. As previously mentioned, there are no low-income

census tracts in the assessment area. Bank management indicated substantial turnover in the Commercial Lending Department affected both the volume and distribution of loans. Additionally, given the low volume of small business lending, the origination of only one loan in a moderate-income tract would have made the Bank's performance similar to demographic data. These factors mitigate the Bank's performance.

Borrower Characteristics

Overall, the distribution of borrowers, given the demographics of the assessment area, reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different revenue sizes. The overall conclusion is primarily based on the distribution of home mortgage loans to LMI individuals. The following sections discuss the Bank's performance under this criterion by loan type.

Home Mortgage Lending

The Bank's performance of home mortgage lending by borrower income level is reasonable. Borrower incomes for loans reported in 2010 and 2011 were compared to the MFI of the MD in which the loan was made. Table 8 shows the Bank's loans by borrower income level in 2010 and 2011. Table 8 also includes the distribution of families by income level (based on 2000 U.S. Census data) and aggregate market data for 2010 and 2011.

Table 8 – Distribution of Home Mortgage Loans by Borrower Income Level							
Income Level	% of Total Families	2010 Aggregate Lending Data (% of #)	2010 Bank		2011 Aggregate Lending Data (% of #)	2011 Bank	
			#	%		#	%
Low	16.6	4.3	6	17.1	5.4	5	19.2
Moderate	18.3	16.5	10	28.6	17.5	7	27.0
Middle	24.8	26.1	8	22.9	25.6	5	19.2
Upper	40.3	38.6	10	28.6	35.9	9	34.6
Income NA	0.0	14.5	1	2.8	15.6	0	0.0
Total	100.0	100.0	35	100.0	100.0	26	100.0

Source: 2000 U.S. Census Data; 2010 and 2011 HMDA Data

The Bank originated 17.1 percent and 19.2 percent of home mortgages to low-income borrowers in 2010 and 2011, respectively. The Bank's performance in both years significantly exceeded aggregate data. It also exceeded the percentage of low-income families. This performance is noteworthy considering a significant portion of these families would likely not qualify for a home mortgage loan, as approximately 18.1 percent of families in the low-income category live below the poverty level.

The Bank originated 28.6 percent and 27.0 percent of its loans to moderate-income borrowers in 2010 and 2011, respectively. The Bank's percentage in each year was greater than both the aggregate performance and the percentage of moderate-income families (14.9 percent) in the assessment area; this performance is considered good.

According to 2010 aggregate data, the Bank ranked 46th out of 166 lenders that made at least one home mortgage to a low-income borrower in the assessment area, with a market share of 0.4 percent. The Bank ranked 75th out of 226 institutions in lending to moderate-income borrowers,

with a market share of 0.2 percent. The Bank's performance was similar when compared to 2011 aggregate data. However, Stoneham Savings Bank ranked 15th and 16th in lending to low-income borrowers in 2010 and 2011, respectively, when removing loans sold to the secondary market. The improvement was similar in lending to moderate-income borrowers. The limited number of originations tempered the effect of the Bank's strong performance on the overall rating.

Small Business Lending

The distribution of loans to businesses of different sizes is poor. Table 9 illustrates the Bank's small business loans, as well as business composition, in the assessment area by GAR level.

Table 9 – Distribution of Small Business Loans by Gross Annual Revenues (GARs)						
GAR \$(000)	2010 % of Total Businesses	2010 Bank		2011 % of Total Businesses	2011 Bank	
		#	%		#	%
≤ \$1,000	75.3	7	41.2	66.8	5	35.7
> \$1,000	7.0	10	58.8	4.8	9	64.3
Not Reported	17.7	0	0.0	28.4	0	0.0
Total	100.0	17	100.0	100.0	14	100.0

Source: 2010 and 2011 D&B Business Data; 2010 and 2011 Bank Small Business Loan Records

In 2010, the Bank extended 7, or 41.2 percent, of its small business loans to businesses with GARs of \$1 million or less. This performance was less than the percentage of total businesses within the assessment area with GARs of \$1 million or less (75.3 percent). The Bank's performance decreased in 2011, with only 35.7 percent of its small business loans made to businesses with GARs of \$1 million or less, staying well below the percentage of businesses with GARs of \$1 million or less (66.8). Despite this performance, greater weight is given to home mortgage lending in determining the overall criterion rating.

Bank management attributed this performance to several factors. Significant turnover and provisions in the Order halted the Bank's production of new small business loans. Additionally, management indicated that prior leadership in the Commercial Lending Department did not emphasize outreach efforts to local small business within the assessment area.

Response to CRA Complaints

The Bank did not receive any CRA-related complaints during the evaluation period. It was noted that the Bank maintains adequate procedures to handle all incoming complaints, including those relating to its CRA performance.

COMMUNITY DEVELOPMENT TEST

Overall, Stoneham Savings Bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area. The Bank helped meet community development needs within the assessment area through CDLs, qualified investments and grants, and community development services. The Bank's community development activities provided affordable housing, economic development, and community services targeted to LMI individuals and families.

Community Development Loans

For the purpose of this evaluation, a CDL is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multi-family dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

The Bank made four community development loans totaling approximately \$2.0 million since the previous examination, dated January 12, 2009. This amount represents 1.1 percent of net loans. It should be noted, however, three of these loans were made outside the assessment area. While the Bank receives credit for making these loans, they do not carry as much weight when determining the rating.

As indicated previously, the Bank's Commercial Lending Department primarily focused on managing the existing portfolio in 2010 and 2011 to address issues raised in the Order. The Bank increased attention to loan production in 2012. Three of the four community development loans were originated in 2012. The fourth CDL was originated in the fourth quarter of 2011.

Stoneham Savings Bank granted a \$150,000 line of credit in 2011 to a business located in Reading, Massachusetts. The primary purpose of the line of credit was to fund the development of new shop locations. Two of the four new store locations during the review period are located inside the Bank's assessment area. The business expansion created approximately 35 new jobs, the vast majority of which were for LMI individuals.

The Bank granted a \$680,000 commercial refinance loan in 2012 secured by a 24-unit apartment building in Lynn, Massachusetts. Although located just outside the Bank's assessment area, the building is in a low-income census tract. All 24 units are considered affordable based on market rents. Additionally, five units are rented by individuals that receive subsidies to pay the majority of rent payments. Approximately \$100,000 in improvements will be made to the building from cash proceeds. This loan has a primary purpose of sustaining affordable housing.

One loan for approximately \$2.3 million was granted in 2012 to finance the purchase and completion of construction of an 18-unit garden style, residential 40B condominium building located in Franklin, Massachusetts. The project is located outside the assessment area. Of the 18 units, 7 are designated to provide affordable housing to LMI households. The Bank receives CRA credit on a pro-rata basis for the percentage of affordable units, which totals \$892,500.

The Bank granted a \$250,000 loan in 2012 for a new café/restaurant located in Brighton, Massachusetts. Although outside the assessment area, the new café/restaurant is in a moderate-income census tract and will create jobs for approximately seven LMI individuals.

Community Development Investments

A qualified investment, for the purposes of this CRA evaluation, is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose. Total qualified investments for this evaluation period amounted to \$2.2 million. This figure includes one new equity investment, the book value of three existing equity investments, and donations made to qualified organizations during the review period. Qualified investments represent 2.1 percent of total investments. The amount of qualified investments is noteworthy considering the Bank's financial condition and the Order's emphasis on improving capital levels.

New Equity Investments

During June 2009, Stoneham Savings Bank purchased a mortgaged-back security consisting of four mortgages. All the mortgages are qualified due to the LMI status of the borrowers on these underlying securities. Additionally, each is located inside the Bank's assessment area. The qualified amount is approximately \$1.0 million. The investment has a primary purpose of affordable housing.

Existing Equity Investments

At the previous examination, Stoneham Savings Bank purchased three pools of mortgaged-backed securities that enhanced the availability of affordable housing to LMI borrowers in the assessment area, or a broader regional area that includes the assessment area. The Bank receives credit for the current book values of these securities totaling approximately \$1.1 million.

During 2007, the Bank purchased a mortgage-backed security consisting of 11 mortgages. Each underlying mortgage was made to an LMI borrower. Three of the 11 mortgages were located in the assessment area. As of December 31, 2012, the book value of the security is \$440,164.

During 2007, the Bank purchased a mortgage-backed security consisting of six mortgages. Each underlying mortgage was made to an LMI borrower. Two of the six mortgages were in the assessment area. As of December 31, 2012, the book value of this security is \$377,108.

During 2008, the Bank purchased a mortgage-backed security consisting of four mortgages. Each underlying mortgage was made to an LMI borrower. Each mortgage was located in the assessment area. As of December 31, 2012, the book value of the security is \$324,985.

Qualified Grant Investments

Stoneham Savings Bank demonstrated a commitment to assisting the assessment area by making contributions and donations towards community based initiatives, with a strong emphasis on affordable housing and community services. The Bank's grant activity is notable considering the institution incurred heavy losses from 2009 through 2011.

From January 13, 2009 through December 31, 2012, the Bank contributed \$49,595 to qualified organizations and programs. Table 10 illustrates the community development categories of the Bank's qualified grants. These grants were responsive to the community development needs of the assessment area.

As shown in Table 10, the Bank made \$49,595 in qualified community development grants over the evaluation period. Qualified grant levels were relatively stable from 2009-2011, with a notable decrease in 2012. Bank management indicated that the acquisition resulted in the consolidation of grant activities between Stoneham Savings Bank and Salem Five Cents Savings Bank. This affected the volume of qualified donations in 2012.

Table 10 – Community Development Grants and Donations

Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$ (000)	#	\$ (000)
01/13/2009 – 12/31/2009	3	3,450	20	13,175	1	400	0	0	0	0	24	17,025
2010	2	5,300	15	5,480	1	2,300	0	0	0	0	18	13,080
2011	3	2,475	18	11,530	1	1,500	0	0	0	0	22	15,505
1/1/2012 - 12/31/2012	2	325	5	3,660	0	0	0	0	0	0	7	3,985
Total	10	11,550	58	33,845	3	4,200	0	0	0	0	71	49,595

Source: Bank Records

*Targeted to Low- or Moderate-Income Individuals

** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following is a sample of organizations that received donations from the Bank:

Mystic Valley Elder Services – This non-profit program assists low-income elders with financial tasks, including bill payment, budgeting, checkbook balancing, and general financial literacy.

Mission of Deeds – This non-profit organization provides household furnishings to people in need. Recipients are primarily battered women and their children, older people who have been abandoned, and others who have lost their homes and possessions for various reasons.

Consumer Credit Counseling of Massachusetts – This non-profit organization provides financial counseling and educational programs for families and individuals. Services provided by this organization include seminars on budgeting, money management, and credit history. These services are targeted to LMI individuals

Homeowners Options for Massachusetts Elders (HOME) - A 20-year old non-profit agency, HOME is dedicated to protecting the equity of low- and moderate-income elder homeowners. As an independent third party, HOME receives no fees for any loans generated. This allows HOME counselors to focus solely on HOME's mission: "To conserve and protect the equity of low/mod-income elder homeowners so they can 'age in place.'"

Community Development Services

The CRA regulation defines a community development service as an activity having community development as its primary purpose and related to the provision of financial services. The Bank was active in providing community development services to the assessment area. Detailed below are the Bank's qualified community development services.

Involvement in Community Organizations

Community Service Network (CSN) – The mission of CSN is to help low- and moderate-income clients access the knowledge, skills, and services that promote independence and self-sufficiency. CSN also provides assistance to over 1,000 clients as part of its transitional housing program. The Bank's Vice President/CRA Officer is a member of the Executive Board of this organization.

Salvation Army – The Stoneham unit of the organization raises money that will be used to provide clothing, heating oil, and food to low-income families in Stoneham. The Vice President and Treasurer is the Treasurer of the local unit.

Mystic Valley Elder Services – This non-profit organization provides elders, families, caregivers, and health care professionals access to a wide-variety of programs and services. The organization is one of the largest in a network of 27 similar agencies across the State. The Bank's Vice President/Credit Officer volunteers as a money manager for senior citizens.

Advanced Manufacturing Collaborative/Access to Capital Working Group – The Bank's Senior Loan Officer serves as a member of this initiative launched by the Executive Office of Housing and Economic Development in 2011. The mission of this group is to increase capital access for manufacturers located in Massachusetts in order to allow for small business expansion/development and job creation.

Housing Families Inc. – This organization's mission is to end family homelessness in the cities of Everett, Malden, and Medford. The former President/CEO was a member of the finance committee during a portion of the review period. Additionally, a former Vice President provided financial expertise for this organization during the review period.

Educational Seminars

In 2012, the Bank held a first-time home buyer seminar in conjunction with the Community Service Network. The purpose of the seminar was to educate first-time home buyers of the issues they need to think about before they actually start to look for a home. Topics included: credit, how to budget to save for a down payment, getting pre-approved, and private mortgage insurance; as well as the many different products available to first-time home buyers.

APPENDIX A

Massachusetts Division of Banks Fair Lending Policies and Procedures Review

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

A review of the Bank's public comment file indicated that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination.

The Bank has a written Fair Lending Policy. Included in this policy are the Bank's efforts to eliminate disparate treatment in all aspects of lending, as well as to provide guidance to Bank employees on how to comply with fair lending policies and procedures. The Bank provides fair lending training through internal training programs as well as seminars available through outside services and sources. Fair lending training is provided to all new employees and all existing employees at least annually. Management develops training programs that cover all aspects of the lending process.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. For the period reviewed, the Bank received a total of 2 HMDA reportable mortgage applications from racial minority groups within its assessment area, representing 2.2 percent of total applications in comparison with the aggregate performance of 9.5 percent.

Of the 2 minority applications received by the Bank, both were denied. Further analysis for 2012 indicated the Bank received 6 minority applications, of which 4 were originated.

For the period reviewed, the Bank received 3 applications from Hispanic applicants representing 4.3 percent for 2010 and 2.2 percent for 2011. The aggregate for 2011 received 1.7 percent.

The Bank's minority application flow, when compared to the aggregate's lending performance levels is reasonable.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male

householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 359 Main Street, Stoneham, MA 02180."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.